

Extended Employment Program

Compliance Audit & Program Evaluation Report

July 1, 2010 – June 30, 2011

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Introduction

This report contains summary information about the condition and outcomes of the Extended Employment (EE) grant program resulting from data submitted by service providers and the application of the *Extended Employment Program Compliance Examination Standards* for the period July 1, 2010 through June 30, 2011.

The Department sought input to the audit standards from EE providers and the Audit Standards Workgroup, an ad hoc committee of executive and financial directors, independent auditors and Department staff, designed to effect positive change through a quality improvement process. The draft standards were approved and posted to the EE website on May 26, 2011.

The objective of the independent auditor's examination procedures, applied to [management's assertion](#) about the entity's compliance with specific EE requirements, is to express an opinion about whether management's assertion is fairly stated in all material respects based on agreed upon criteria. The scope does not include the auditor's opinion on internal control over compliance.

Examinations are conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and include examining, on a test basis, evidence about compliance.

In an effort to reduce the cost of the examination to community rehabilitation providers who directly incur the expense, respond to auditors' requests for more direction, and establish greater uniformity in the testing and reporting of compliance, suggested testing protocol was included in the published standards. These tests were not required and auditors could use their professional judgment in determining whether or not the suggested procedures were sufficient to issue an opinion on compliance.

The funding unit of distribution of extended employment program funding is the payment for one work hour¹ performed by an eligible worker and reported to the extended employment program. Therefore, variances are reported as questioned work hours and may be disallowed by the Department, requiring the repayment of grant funds after a final contract adjustment process and due process appeal period.

Information and analysis within this report is limited to the data reported by the community rehabilitation providers (CRPs) funded, and should not be misconstrued as representing the comprehensive ongoing employment support system. Although some CRPs provide ongoing employment support services in excess of their EE performance-based contract requirements, there is no obligation to report, or uniformity in the reporting of unfunded services to the State.

¹ Minnesota Rules, 3300.2005, Subpart 37. Work hours means hours for which a worker performs paid work, including hours of paid holidays, paid sick, paid vacation, and other paid leave. A work hour is the basic funding unit for allocating extended employment program funds.

Program Purpose

The mission of extended employment for persons is to provide the ongoing employment support services necessary to maintain and advance the employment of persons with a most severe disability. Employment shall encompass the broad range of employment choices available to all persons and promote an individual's self-sufficiency and financial independence. *Minn. Stat. 268A.15, subd. 2.*

Powers and Duties

DEED is authorized by Minnesota Statute 268A, Vocational Rehabilitation, to administer the Extended Employment (EE) Program. The commissioner certifies rehabilitation facilities to offer extended employment programs, grants funds to the extended employment programs, and performs the duties specified in section 268A.15. *Minn. Stat. 268A.03.*

DEED administers the EE program through the Vocational Rehabilitation Services (VRS) and employs staff to administer this section and is empowered to accept and receive funds from non-state sources for the purpose of implementing this section. *Minn. Stat. 268A.15, subd. 1.*

The commissioner shall adopt rules on an individual's eligibility for the extended employment program, the certification of rehabilitation facilities, and the methods, criteria, and units of distribution for the allocation of state grant funds to certified rehabilitation facilities. In determining the allocation, the commissioner must consider the economic conditions of the community and the performance of rehabilitation facilities relative to their impact on the economic status of workers in the extended employment program. *Minn. Stat. 268A.15, subd. 3.*

The commissioner shall evaluate the extended employment program to determine whether the purpose of extended employment as defined in subdivision 2 is being achieved. The evaluation must include information for the preceding funding year derived from the independent compliance audits of extended employment service providers submitted to the department on or before October 31 of each year. The evaluation must include an assessment of whether workers in the extended employment program are satisfied with their employment. A written report of this evaluation must be prepared at least every two years and made available to the public. *Minn. Stat. 268A.15, subd. 4.*

Within available resources, the EE Program provides technical assistance to rehabilitation facilities. *Minn. Stat. 268A.15, subd. 5.*

The commissioner may provide innovation and expansion grants to rehabilitation facilities to encourage the development, demonstration, or dissemination of innovative business practices, training programs and service delivery methods.... *Minn. Stat. 268A.15, subd. 6.*

Administrative Rules

The Department promulgated administrative rules for the EE Program, Minnesota Chapter 3300.2005 through 3300.2055, effective July 1, 1998.

Program and Service Descriptions

Extended employment (EE) program means an employment program which provides the ongoing employment support services necessary to maintain and advance the employment of individuals with severe disabilities by providing work in center-based employment, community employment, or supported employment subprograms. *Minn. R. 3300.2005, subpart 15.*

- ***Supported employment (SE)*** means *competitive employment*² in an *integrated setting*³ with ongoing employment support services for individuals with the most severe disabilities for whom competitive employment has not traditionally occurred or for whom competitive employment has been interrupted or intermittent as a result of a severe disability; and who, because of the nature and severity of their disabilities, need intensive ongoing employment support services from the designated state unit and extended services after transition in order to perform this work; or *transitional employment*⁴ for individuals with the most severe disabilities due to mental illness. *Minn. R. 3300.2005, subpart 35.*
- ***Community employment (CE)*** is paid work in the community requiring intensive ongoing employment support services that does not meet the definition of supported employment only because the worker is paid less than minimum wage or the employment does not meet the criteria of an integrated setting, or the worker is compensated at or above the minimum wage but below the customary wage paid by the employer for the same or similar work performed by individuals without a disability. *Minn. R. 3300.2005, subpart 10.*
- ***Center-based employment (CBE)*** means employment which provides paid work on the premises of an extended employment provider and training services or other services necessary for employment on or off the premises of an extended employment provider⁵ to persons who, because of the nature and severity of their disabilities, need intensive ongoing employment support services funded by the state unit in order to work. *Minn. R. 3300.2005, subpart 6.*

Ongoing employment support services means any of the following services identified in the worker's extended employment support plan as related to a worker's limitations in functional areas and that are necessary to maintain and advance the worker's employment: (a) facilitation of natural supports at the work site; (b) rehabilitation technology, job redesign, or environmental adaptations; (c) disability awareness training for the worker, or the worker's employer, supervisor, or coworkers, and other services to increase the worker's inclusion at the worksite; (d) job skill training at the work site; (e) regular observation or supervision of the worker; (f) behavior management; (g) coordination of support services; (h) job-related safety training; (i) job-related self-advocacy skills training to advance employment; (j) training in independent living skills, such as: money management, grooming and personal care, social skills, orientation and mobility, using public transportation or driver's training; (k) communication skills training such as sign language training, Braille, speech reading, use of communication devices or other adaptive methods for the worker, or the worker's employer, supervisor, or coworkers; (l) follow-up services such as regular contact with the worker's employer, supervisor, or coworkers, the worker's parents, family members, advocates, or legal representatives of the worker; and other suitable professional and informed advisors, in order to reinforce and stabilize the job placement; (m) training in job seeking skills; (n) career planning, job development, or job placement to advance in employment; (o) transitional employment services; and (p) any other service that is similar to the services in items A to O, that is identified in the worker's extended employment support plan, and that is needed to maintain or advance the employment of a worker in the extended employment program. *Minn. R. 3300.2005, subp. 31.*

² Competitive employment; Minn. R. 3300.2005, subp. 9.

³ Integrated setting; Minn. R. 3300.2005, subp. 25.

⁴ Transitional employment; Minn. R. 3300.2005, subp. 36.

⁵ Extended employment provider; Minn. R. 3300.2005, subp. 16.

Cost-Benefit Considerations

Legislative Appropriation

The EE program is funded by a State appropriation from the Workforce Development and General funds. Administration funded 2.81 and .54 full-time equivalents for program staff, and the department's Fiscal and Business Information Technology units, respectively. The supplemental budget bill reduced EE Basic grant funding by \$353,000 from the previous year: *"\$153,000 of this reduction is one-time. The commissioner may adjust contracts with eligible extended employment providers in order to achieve required reductions through June 30, 2011."*

SFY11	General Fund	Workforce Development Fund	Total
Administration (3.35 FTEs)	\$ 364,000		\$ 364,000
Advocating Change Together	35,000		35,000
Wage Incentive	125,000		125,000
EE Basic	<u>4,721,000</u>	<u>6,830,000</u>	<u>11,551,000</u>
Grants	\$ 4,881,000	\$ 6,830,000	\$11,711,000
Total EE Appropriation	\$ 5,245,000	\$ 6,830,000	\$12,075,000

Extended Employment Program Results

Over fifty-one hundred Minnesotans with a most severe disability were reported to have received the ongoing employment supports necessary to add nearly four million work hours to the state's productive capacity, earning over \$25 million in personal income. To compare these outcomes across Minnesota's network of service providers see pages 25-27.

SFY11 Outcomes	Total	<u>Supported Employment</u>	<u>Community Employment</u>	<u>Center-based Employment</u>
Workers ⁶	5,106	2,361	2,407	2,681
Work hours	3,996,135	1,503,379	1,044,111	1,448,645
Wages paid	\$ 25,786,413	\$ 14,786,764	\$ 5,633,176	\$ 5,366,474
Average hourly wage	\$ 6.45	\$ 9.84	\$ 5.40	\$ 3.70
Average weekly hours	15.1	12.2	8.3	10.4

Return on Investment

For each state dollar appropriated, program participants earn more than \$2, increasing financial independence and reducing dependency on public support systems.

SFY	Appropriation	Workers	Cost per Worker	Wages	Income per Worker	=	ROI
2011	12,075,000	5,106	2,365	25,786,413	5,050	=	214%
2010	12,435,000	5,294	2,349	25,498,475	4,816	=	205%
2009	12,569,000	5,506	2,284	26,097,709	4,743	=	208%

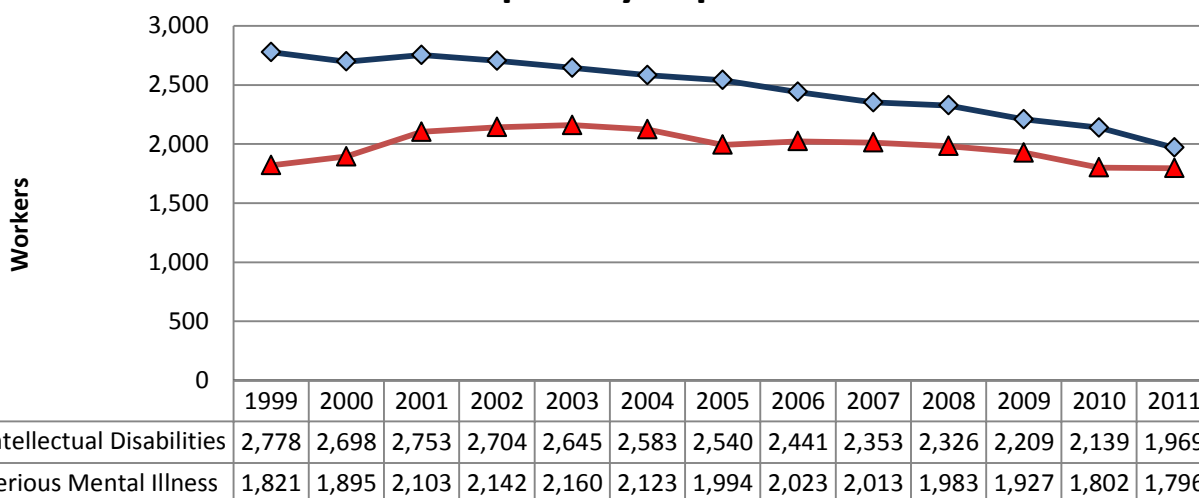
⁶ Subprogram counts are duplicative as workers may be engaged in multiple subprograms during the year.

Minnesotans Served

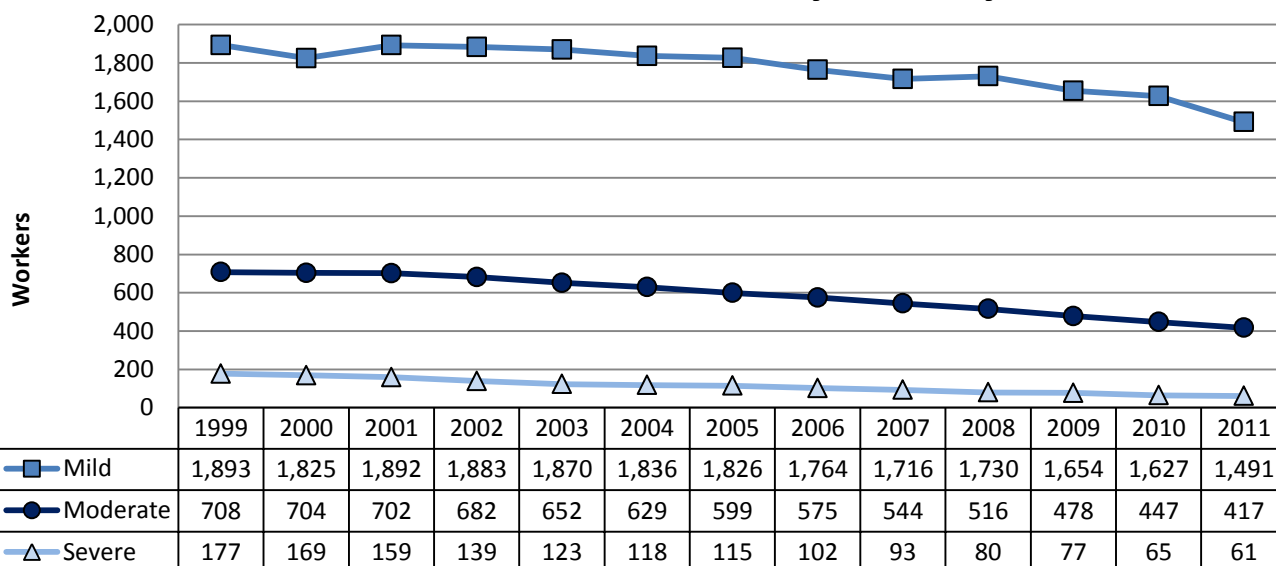
Extended employment worker means an *individual with a most severe disability*⁷ that results in serious limitations in three or more functional areas that affect employment, who requires and receives ongoing employment support services over an extended period of time to maintain and advance in employment, and who is reported to the department by the provider during the contract period. *Minn. R. 3300.2005, subp. 18.*

The two most frequently reported disability groups in Extended Employment are persons with intellectual disabilities and persons with significant mental illnesses.

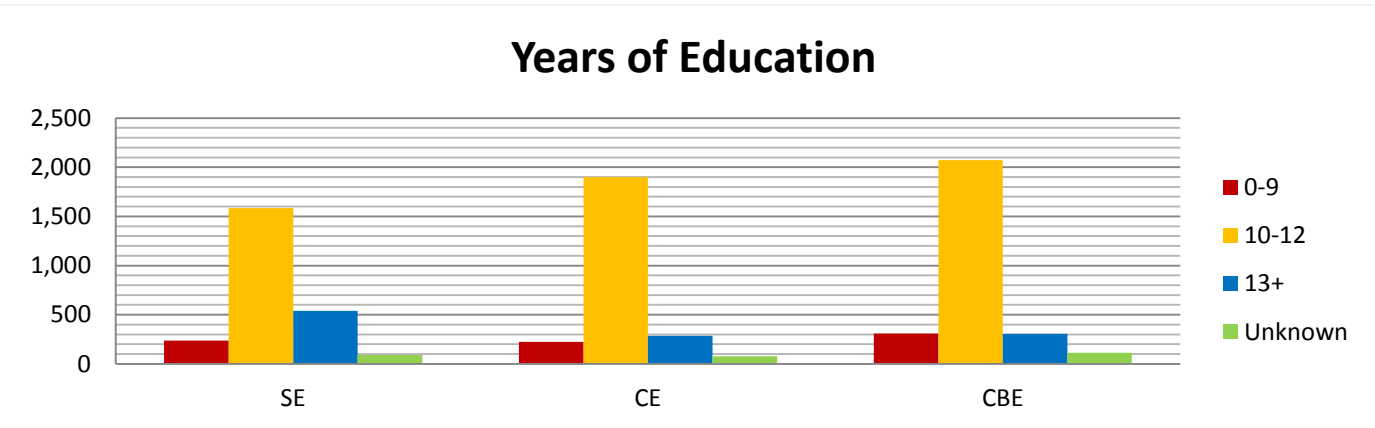
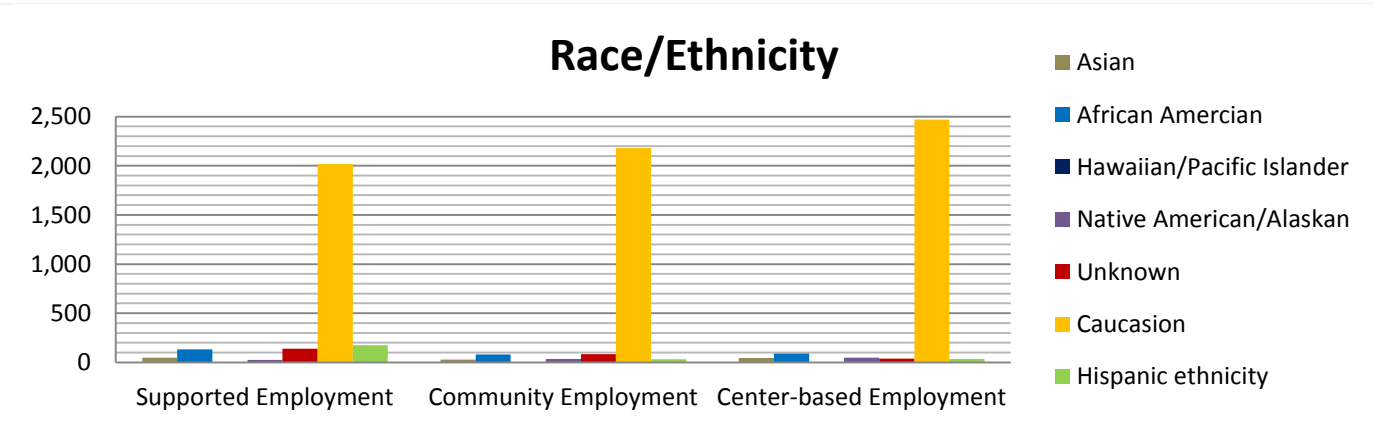
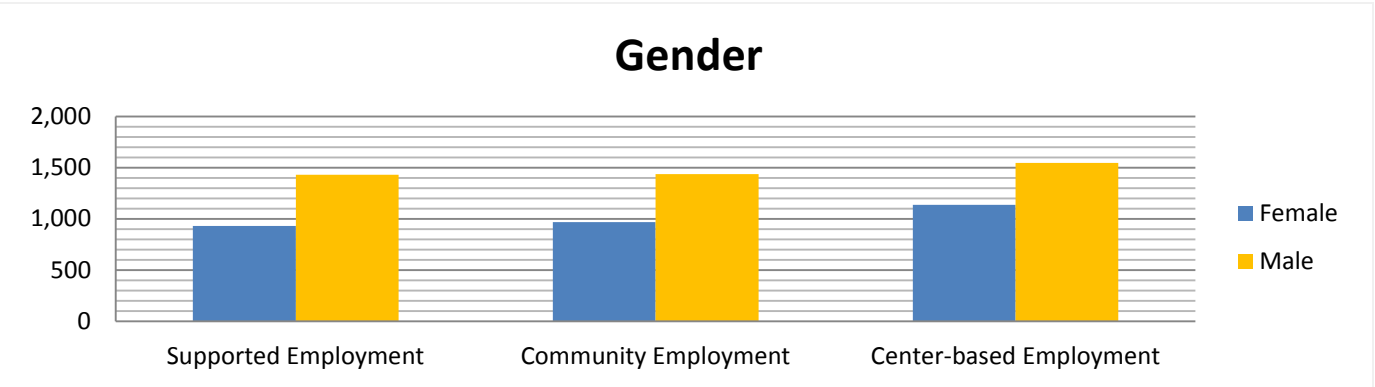
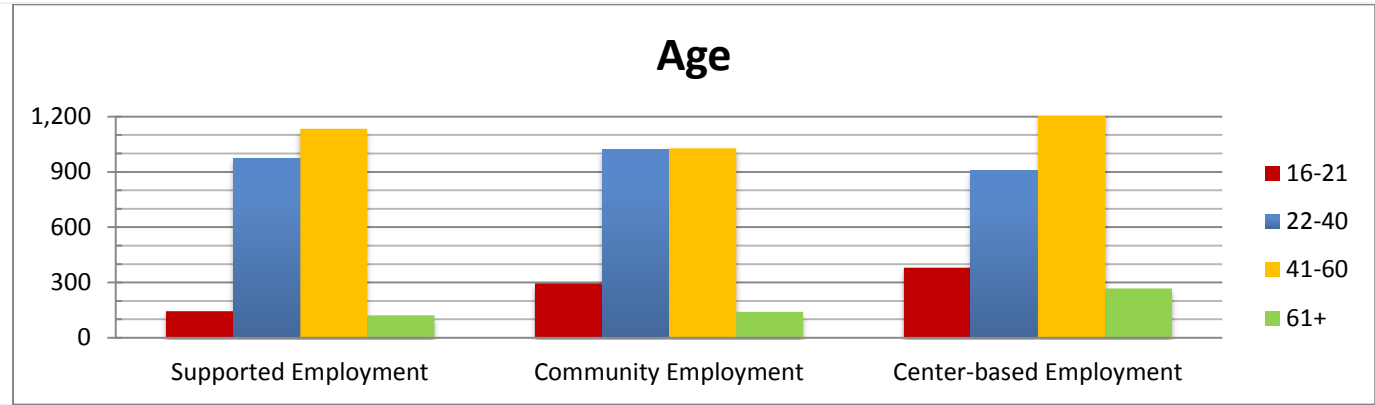
Workers with most-frequently-reported Disabilities



Intellectual Disabilities - by Severity



⁷ Individual with a most severe disability; Minn. R. 3300.2005, subp. 22



Performance-based Funding System

The [program purpose](#) is “to provide the ongoing employment support services necessary to maintain and advance the employment of persons with severe disabilities...” Therefore, the primary measure of success is continued employment and the measurement unit is an hour of work.

Work hours means hours for which a workers performs paid work, including hours of paid holidays, paid sick, paid vacation, and other paid leave. A work hour is the basic funding unit for allocating extended employment program funds. *Minn. R. 3300.2005, subpart 37.*

Extended employment providers are paid for each work hour performed by an [eligible worker](#) and reported to the Extended Employment (EE) program. The unit of distribution of extended employment program funding is the payment for one work hour performed by an eligible worker and reported to the department in the extended employment program. *Minn. R. 3300.2035, subpart 1.*

Extended employment provider means a rehabilitation facility certified by the commissioner under Minn. Rules 3300.2010 to provide center-based, community, or supported employment.

Statewide Uniform Reimbursement Rates

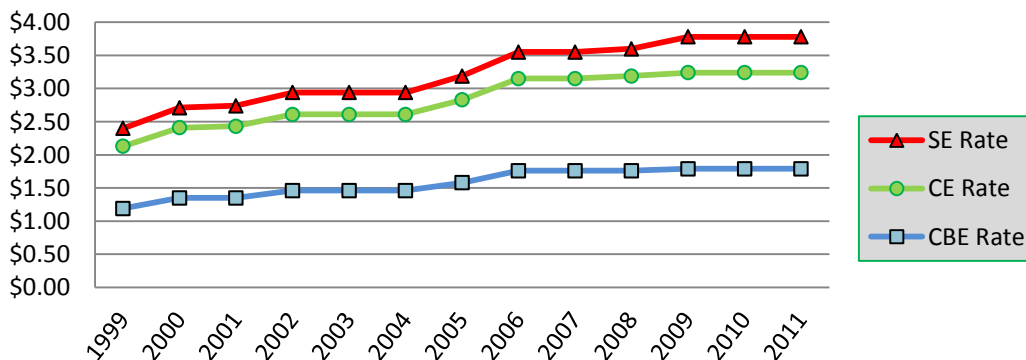
Extended Employment providers are reimbursed for each reported hour of work performed by an EE worker in supported, community and center-based employment at the current reimbursement rate, up to their contracted allocation.

State law requires, “*Employment must encompass the broad range of employment choices available to all persons and promote an individual’s self-sufficiency and financial independence.*” To this end, the department established a statewide uniform rate⁸ for each subprogram recognizing varying levels of consumer control, community integration, and the historical earning capacity by employment models.

The tables compare changes in the statewide uniform reimbursement rates paid to providers. See page 14, for a similar comparison of the [changes in the average hourly wages earned by EE workers](#) during the same period.

Providers’ Hourly Reimbursement Rates			
Date	Supported Employment	Community Employment	Center-based Employment
July 1, 1998	\$ 2.40	\$ 2.13	\$ 1.19
SFY 1999	\$ 2.43	\$ 2.16	\$ 1.21
SFY 2000	\$ 2.71	\$ 2.41	\$ 1.35
SFY 2001	\$ 2.74	\$ 2.43	\$ 1.35
SFY 2002	\$ 2.94	\$ 2.61	\$ 1.46
SFY 2005	\$ 3.19	\$ 2.83	\$ 1.58
SFY 2006	\$ 3.55	\$ 3.15	\$ 1.76
SFY 2008	\$ 3.60	\$ 3.19	\$ 1.76
SFY 2009	\$ 3.78	\$ 3.24	\$ 1.79
SFY 2011	\$ 3.78	\$ 3.24	\$ 1.79

Changes in Providers' Reimbursement Rates



Provider Rates 1999-2011

SE rate – up 58%,
for an hourly
increase of \$1.38

CE rate – up 52%
for an hourly
increase of \$1.11

CBE rate – up 50%
for an hourly
increase of \$.60

⁸ Statewide uniform rates; Minn. R. 3300.2035, Subpart 6.

Two Funds to Manage Resources

The *Community Support Fund* (CSF) is used to manage the dollars allocated for ongoing employment support services provided to workers in community employment settings. Services funded support workers in the community employment and supported employment subprograms. For the year ending June 30, 2011 the Department established CSF contracts totaling \$9,246,748 with certified EE providers.

The *Center Based Fund* (CBF) is used to manage the dollars allocated for ongoing employment support services to workers performing paid work on premises owned or operated by an EE provider. For the year ending June 30, 2011 the Department established CBF contracts totaling \$2,483,463 with certified EE providers.

Fund Distribution Method

For each state fiscal year, the department determines the statewide allocation to each fund according to Minnesota Rules, 3300.2035, subpart 7:

From the state appropriation, the department reserves for the CSF an amount of dollars equal to the sum of the allocations for the starting point for all providers with contracts and making application for funding.

From the state appropriation, the department reserves from the CBF an amount of dollars equal to (a) the sum of the allocations for the starting point for all providers with contracts and making application, less (b) any allocation withheld resulting from the request for proposals process, multiplied by the statewide uniform rate for center-based employment. However, no statewide allocation of extended employment funds to the center-based fund shall exceed \$4,279,000, the funding allocation for center-based employment in state fiscal year 1997.

Adjustments to the statewide allocation may be made based on shifts of dollars from the center-based fund to the community support fund as requested by providers. Shifts will be adjusted at the starting point for each provider requesting shifts.

The remainder of the state appropriation will be subject to distribution according to the department's application and guidelines for funding.

Wage Level Incentive Bonus

All funds not paid out to providers as a result of underproduction and all funds repaid to the department by providers as the result of final audit adjustments must be used as a performance fund for extended employment providers whose workers' wages meet or exceed the federal minimum wage. The incentive fund must be distributed to each extended employment provider based on the proportionate share of hours of work where the statutory minimum or a higher wage was paid. The ratio is the provider's hours divided by the total hours meeting minimum wage reported by all extended employment providers. The incentives are calculated and paid separately for the center-based and the community support fund.

[Minnesota Rules, 3300.2045]

SFY11 Contracted Allocations

\$11,551,000 was appropriated for grants, a cut of \$353,000, with authorizing language: *Notwithstanding MN Rules, parts 3300.2030 to 3300.2055, the commissioner may adjust contracts with eligible EE providers in order to achieve required reductions through June 30, 2013.* Given the challenge of securing work for persons served in a recession, steps were taken to mitigate the immediate impact: using \$179,211 of SFY09 funds under carry-forward authority, contracts were frozen at SFY10 levels. Although \$348,690 in underproduction existed in the system (CSF-\$275,177, CBF-\$73,513), this gave providers more time to raise their baselines of productive capacity upon which reductions would apply.

Provider	Community Support Fund	New/Exp ⁹ (CSF)	Center-based Fund	New/Exp (CBE)	Total Contract
MRCI	1,208,081	0	581,202	0	1,789,283
Rise	789,367	0	75,220	0	864,587
Ability Building Center	604,310	0	246,554	0	850,864
Occupational Development Ctr	551,083	0	273,019	0	824,102
Tasks Unlimited	759,664	0	0	0	759,664
Cedar Valley Services	489,151	0	243,908	0	733,059
Productive Alternatives	564,239	0	123,802	0	688,041
Opportunity Partners	640,291	0	0	0	640,291
West Central Industries	389,362	0	134,593	0	523,955
Winona ORC Industries	365,816	0	122,986	0	488,802
ProAct	343,805	0	129,944	0	473,749
Functional Industries	262,519	0	141,053	0	403,572
Goodwill Industries Voc. Ent.	160,328	0	191,723	0	352,051
Opportunity Services	314,190	0	0	0	314,190
Lifetrack Resources	265,673	0	0	0	265,673
Hope Haven	0	113,926	0	101,364	215,290
Resource	207,970	0	0	0	207,970
Goodwill/Easter Seals	196,001	0	0	0	196,001
Courage Center	176,187	0	0	0	176,187
AccessAbility	123,558	0	45,283	0	168,841
Hennepin County VSP	143,415	0	0	0	143,415
KCQ	132,695	0	0	0	132,695
Jewish Family/Children Svc	111,104	0	0	0	111,104
Service Enterprises	105,309	0	0	0	105,309
Industries	58,558	0	45,576	0	104,134
WACOSA	89,138	0	8,155	0	97,293
Midwest Special Services	34,112	0	19,081	0	53,193
The Rising Phoenix	46,896	0	0	0	46,896
Total (n=28)	\$ 9,132,822	\$ 113,926	\$ 2,382,099	\$ 101,364	\$ 11,730,211

⁹ New or expanded programs; Minn. R. 3300.2030.

SFY11 Center-based Funds Earned

Eight (8) providers earned their contracted allocations for state fiscal year 2011 and (a) were entitled to 2012 contracts at 2011 levels, and (b) were eligible to apply for new/expanded funds, if the total underproduction reached 1% of the CBF allocation (\$24,834) and the Department issued a Request-for-proposals (RFP) for community-based services.

Although the trigger for a RFP was exceeded, no RFP was issued in SFY12 for new/expanded programs because the department granted, en mass, an economic variance to contract starting-point requirements (3300.2035, subpart 4.A.) for the seven providers with underproduction greater than 5% of their individual contracted allocations. (Hope Haven's new/expanded funds are exempt from redistribution thru June 30, 2013.) Awarding these variances resulted in affected provider(s) retaining prior contracted allocation levels, leaving no productive capacity for redistribution to new/expanded community-based programs.

The department must provide a variance to the contract starting point in part 3300.2035, subpart 4, for a provider that establishes that it was unable to product the number of hours required by the provider's contract during the previous contract period due to circumstances beyond the control of the provider's management.... [Minnesota Rules, 3300.2040]

Providers	Accepted CBE Hours	Value of Reported Hours	CBF Contracted Allocation	+ or (-) Contract	% Contract Variance
Cedar Valley Services	101,875	182,356	243,908	(61,552)	-25%
Functional Industries	67,213	120,311	141,053	(20,742)	-15%
Occupational Development Center	130,503	233,600	273,019	(39,419)	-14%
Ability Building Center	118,577	212,253	246,554	(34,301)	-14%
Industries	22,173	39,690	45,576	(5,886)	-13%
West Central Industries	66,621	119,252	134,593	(15,341)	-11%
Hope Haven (new/expanded)	50,848	91,017	101,364	(10,347)	-10%
Winona ORC	63,587	113,820	122,986	(9,166)	-7%
WACOSA	4,761	8,522	8,155	367	5%
MRCI	384,362	688,008	581,202	106,806	18%
AccessAbility	29,955	53,619	45,283	8,336	18%
ProAct	87,146	155,991	129,944	26,047	20%
Rise	53,806	96,312	75,220	21,092	28%
Goodwill Industries Voc. Enterprises	148,242	265,353	191,723	73,630	38%
Midwest Special Service	15,887	28,438	19,081	9,357	49%
Productive Alternatives	103,092	184,535	123,802	60,733	49%
Total (n=16)	1,448,648	\$2,593,077	\$2,483,463	\$109,614	4.4%
Underproduction				(\$196,754)	(7.9%)
Excess Productive Capacity				\$306,368	12.3%

SFY11 Community Support Funds Earned

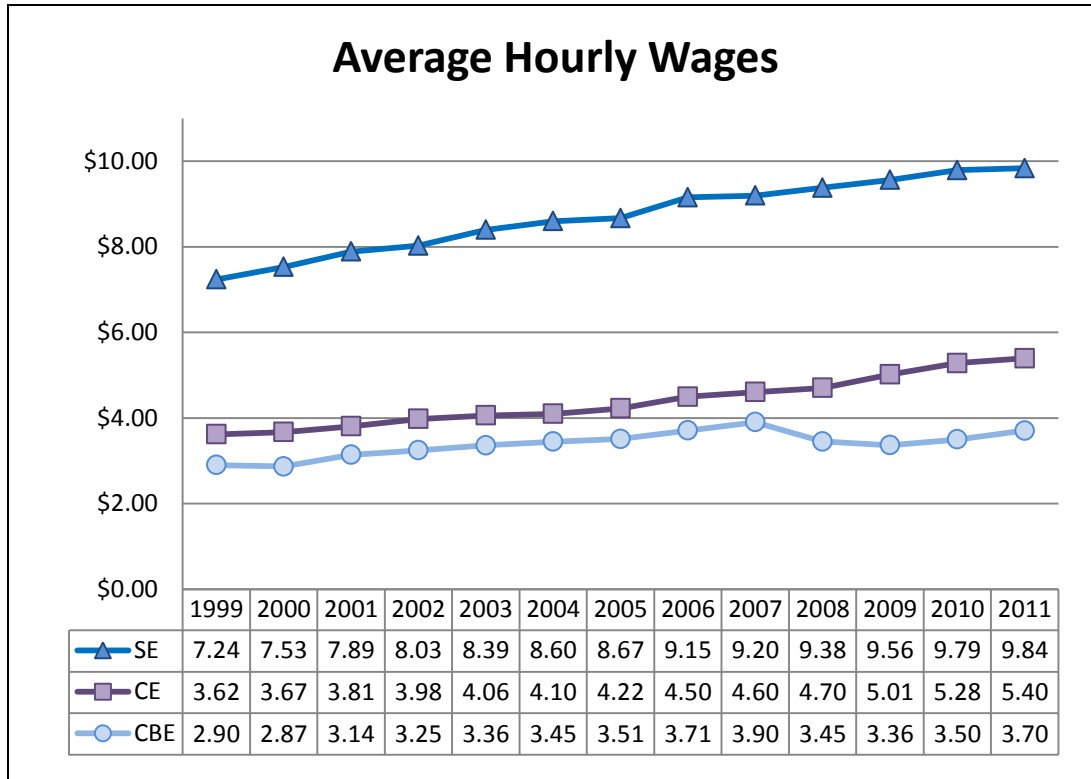
Fourteen (14) providers earned their contracted allocations, and one (1) came within 5%. Those fifteen (a) were entitled to 2012 contracts at 2011 levels, and (b) were eligible to apply for new/expanded funds if underproduction reached 1% of the CSF allocation (\$92,467) and the Department issued a RFP. No RFP was issued as an economic variance was granted all providers.

Providers	Accepted Hours		Value of Accepted Hours	CSF Contract	+ or (-) Contract	% Contract Variance
	SE	CE				
Industries	1,016	9,123	\$ 33,401	\$ 58,558	\$ (25,157)	-43%
The Rising Phoenix	4,142	3,923	28,369	46,896	(18,527)	-40%
Hope Haven (new/expanded)	7,840	15,079	78,493	113,926	(35,433)	-31%
Cedar Valley Services	5,127	103,382	354,338	489,151	(134,813)	-28%
Service	1,158	22,734	78,034	105,309	(27,275)	-26%
ProAct	32,192	41,200	255,176	343,805	(88,629)	-26%
Opportunity Partners	131,843	1,496	503,213	640,291	(137,078)	-21%
Productive Alternatives	69,710	67,722	482,923	564,239	(81,316)	-14%
Winona ORC Industries	36,821	56,445	322,063	365,816	(43,753)	-12%
Lifetrack Resources	64,715	0	244,623	265,673	(21,050)	-8%
Courage Center	43,023	0	162,628	176,187	(13,559)	-8%
MRCI	184,458	133,303	1,129,154	1,208,081	(78,927)	-7%
KCQ	17,724	17,892	124,966	132,695	(7,729)	-6%
West Central Industries	29,162	82,799	378,501	389,362	(10,861)	-3%
AccessAbility	18,452	16,970	124,731	123,558	1,173	1%
Resource	55,770	0	210,811	207,970	2,841	1%
Ability Building Center	89,620	84,560	612,738	604,310	8,428	1%
Rise	140,135	83,716	800,952	789,367	11,585	1%
Occupational Development Ctr	40,623	125,530	560,274	551,083	9,191	2%
Jewish Vocational Services	31,432	72	119,048	111,104	7,944	7%
Goodwill Industries Voc. Enter.	26,388	22,650	173,134	160,328	12,806	8%
Opportunity Services	43,190	56,687	346,925	314,190	32,735	10%
Midwest Special Service	7,846	3,041	39,511	34,112	5,399	16%
WACOSA	22,499	6,048	104,642	89,138	15,504	17%
Hennepin County VSP	44,672	0	168,860	143,415	25,445	18%
Functional Industries	19,817	75,255	318,734	262,519	56,215	21%
Tasks Unlimited	251,901	14,453	999,016	759,664	239,352	32%
Goodwill/Easter Seals	82,101	29	310,437	196,001	114,436	58%
Total (n = 28)	1,503,378	1,044,112	\$ 9,065,694	\$ 9,246,748	(\$181,054)	(2%)
Underproduction					(\$724,107)	(7.8%)
Excess Productive Capacity					\$543,054	5.9%

Program Trends and Analysis

Average Hourly and Average Annual Incomes for Workers

The tables compare the most widely accepted outcome of employment, personal income, and how it has changed over the past twelve years for persons served by job setting, i.e., EE subprogram model. See page 9, for a similar comparison of [changes in the hourly rate paid providers](#) during the same period.

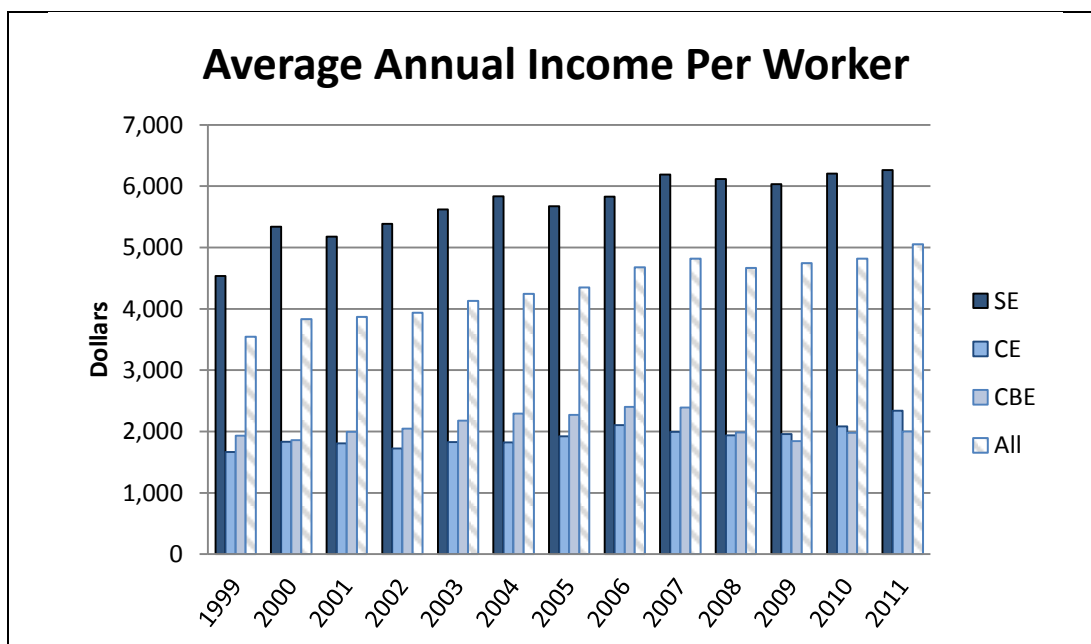


Workers in **SE**, earned an average of \$9.84 in 2011, up \$2.60 per hour, or 36%, from 1999.

Workers in **CE** earned an average of \$5.40 in 2011, up \$1.78, or 49%, from 1999

Workers in **CBE** earned an average of \$3.70 in 2011, up only 80 cents, or 28%, from 1999.

The wage rate of CBE workers appear least resistant to the recession.



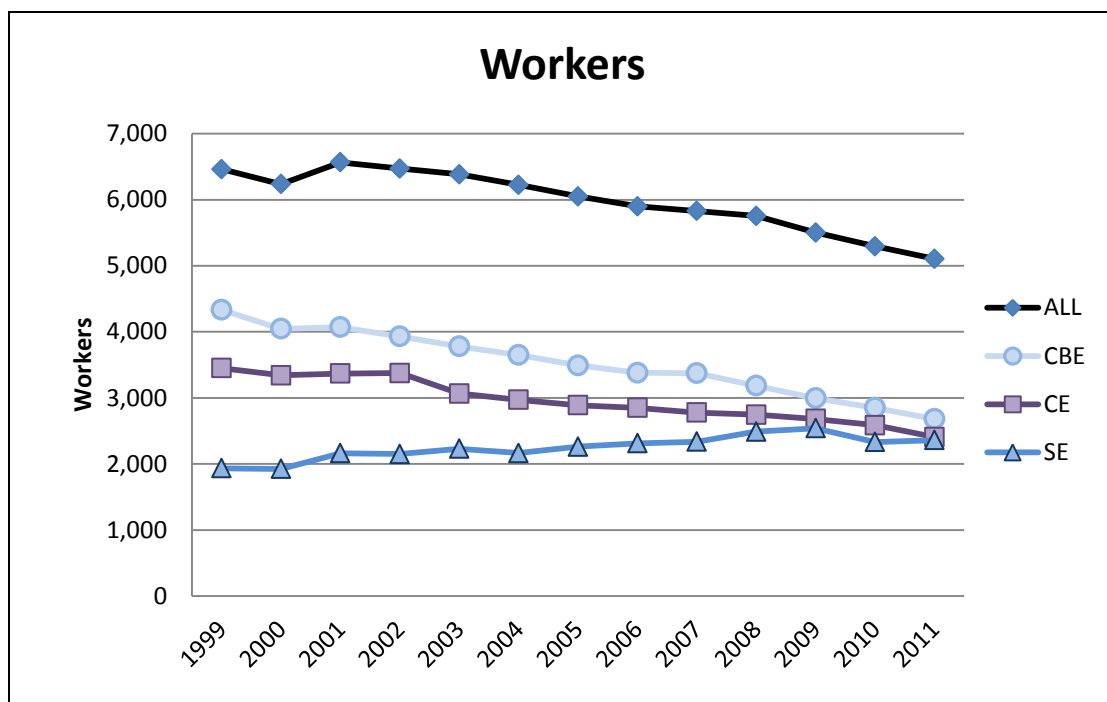
ALL is the average of all programs.

Workers' annual incomes in **SE** and **CE** increased by 38% and 41%, respectively, from 1999 to 2011.

Workers' average annual income in **CBE** increased by only 4% since 1999, resulting from low wages and declining worker counts.

Workers, Hours, and Wage Comparisons

Provider-reported data, collected since the implementation of the EE performance-based funding system provides a unique perspective of program trends over time.

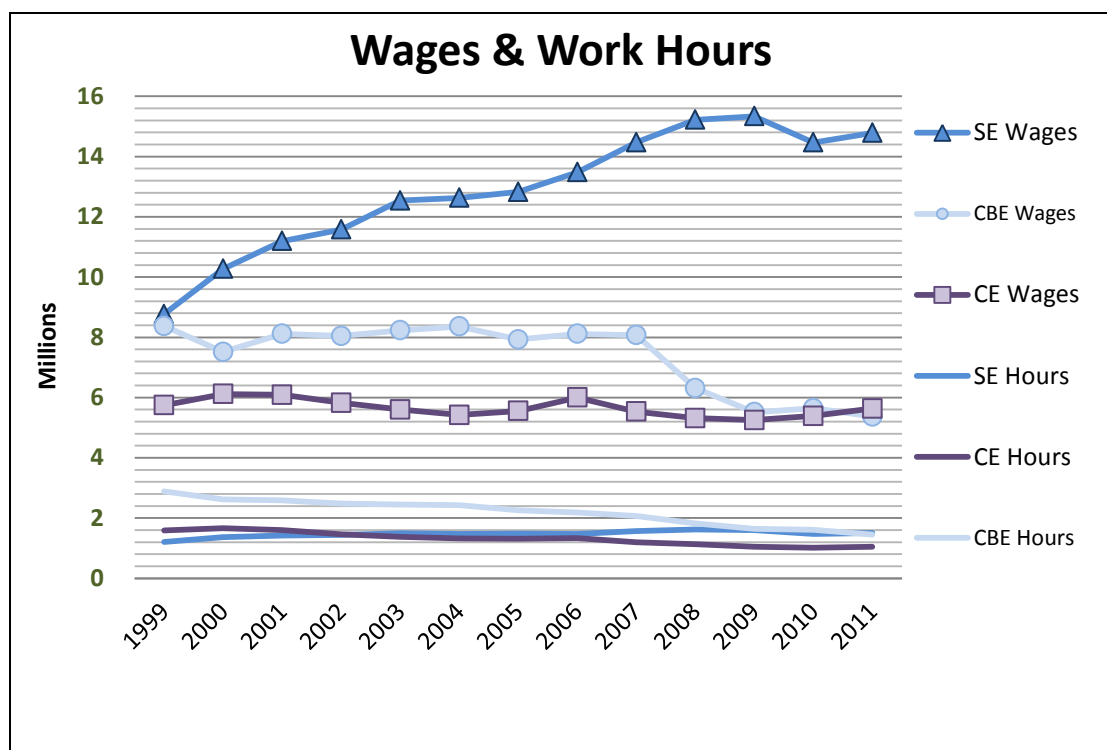


ALL is the unduplicated count. EE capacity is down 21% (1,356 workers)

CBE is down 38% (1,652 workers)

CE is down 30% (1,045 workers)

SE is the only model to show growth at 22% (427 workers)



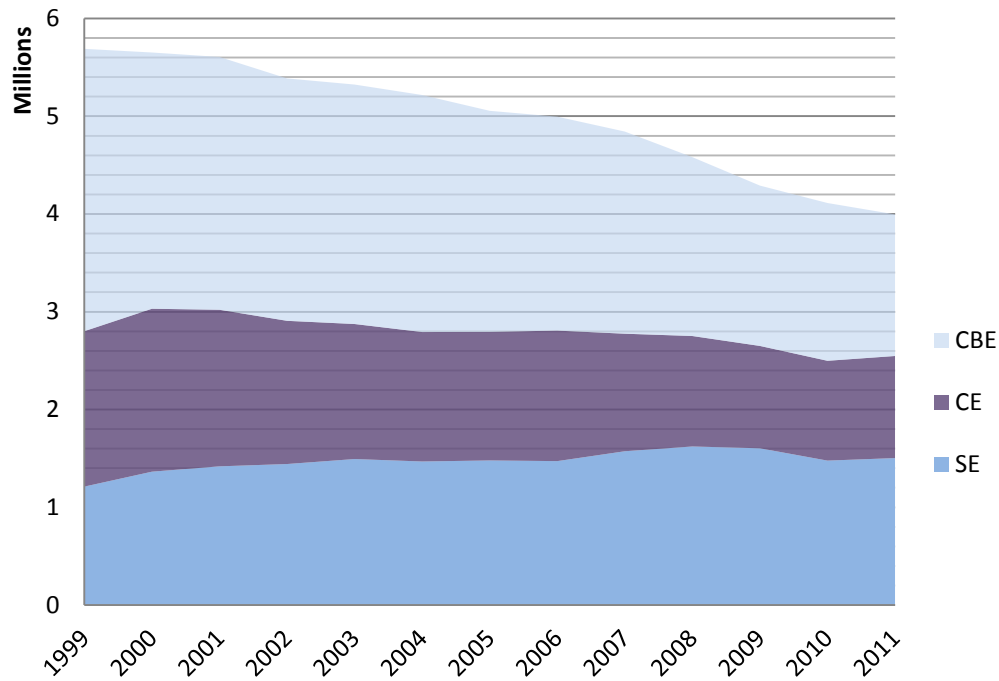
CBE wages appear to be uniquely affected by the recession.

CBE hours and wages are down 50% and 36%, respectively, from 1999.

CE hours are down 34%, but wages have remained steady since 1999.

SE hours and wages are up 24% and 69%, respectively since 1999.

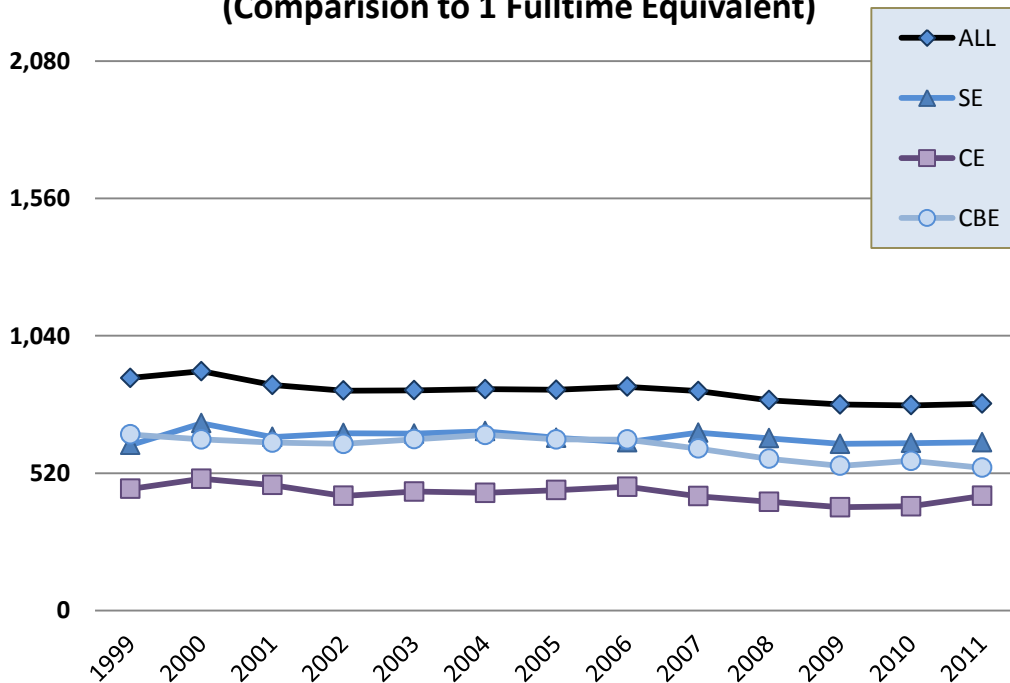
Subprogram Shares of Total Work Hours



The change in work hours is relatively consistent with the change in workers.

The largest change occurred in CBE, down 1.7 million hours from 1999.

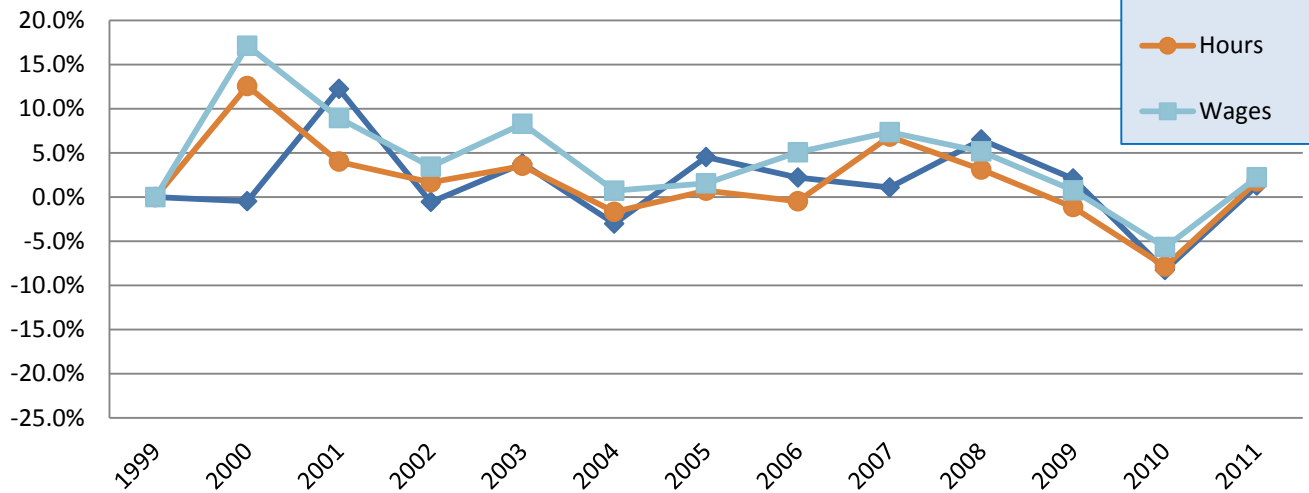
Average Annual Work Hours, per Worker (Comparison to 1 Fulltime Equivalent)



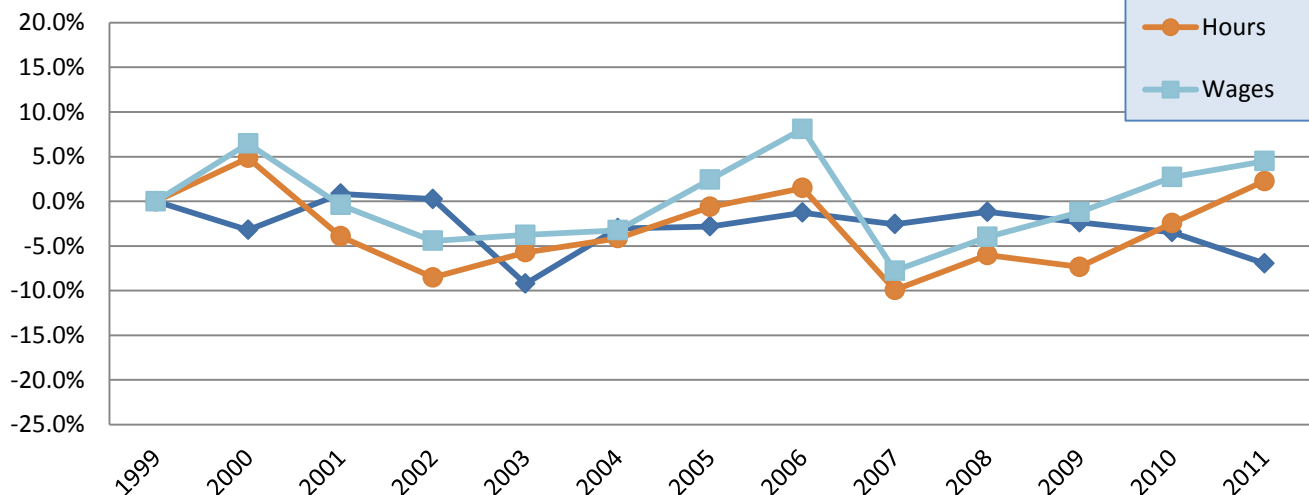
The average annual work hours have remained relatively steady in **SE** and **CE** since 1999.

The **CBE** average has dropped by 19% (126 hours annually).

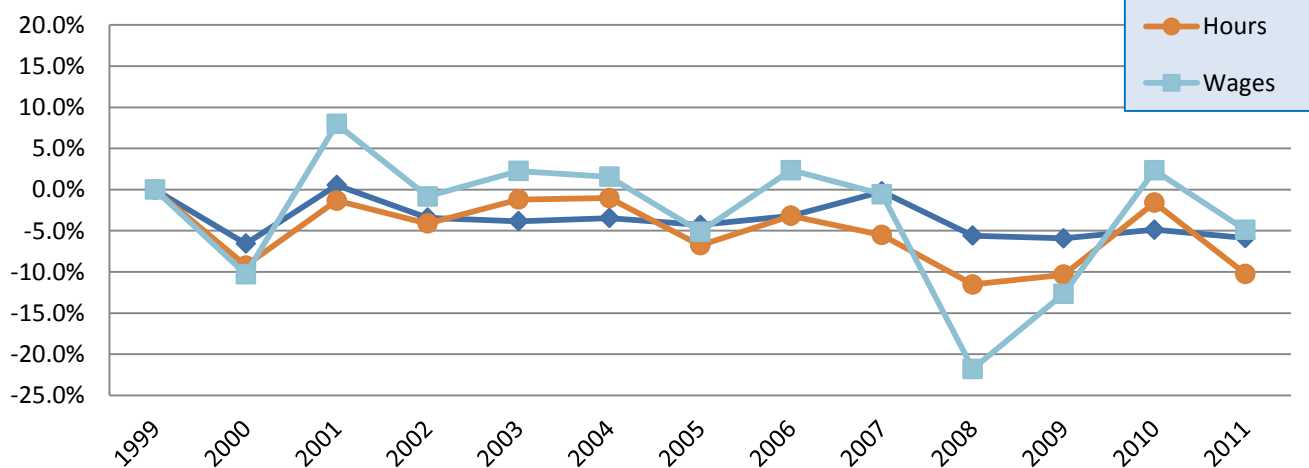
Supported Employment - Change in Key Factors



Community Employment - Change in Key Factors

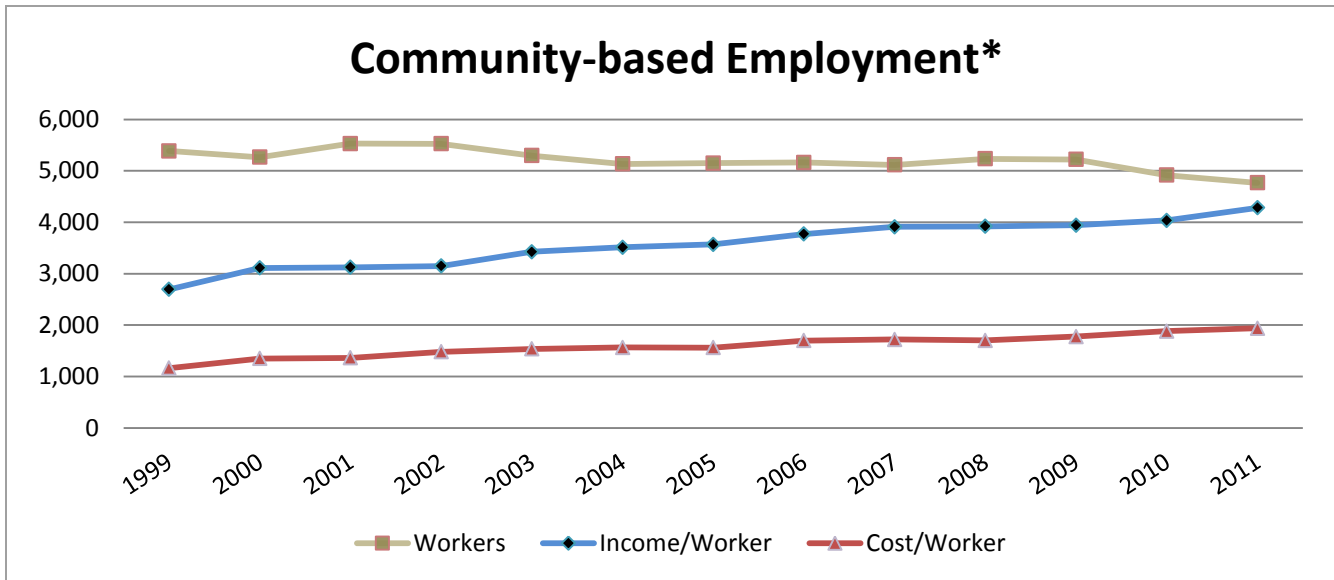


Center-base Employment - Change in Key Factors

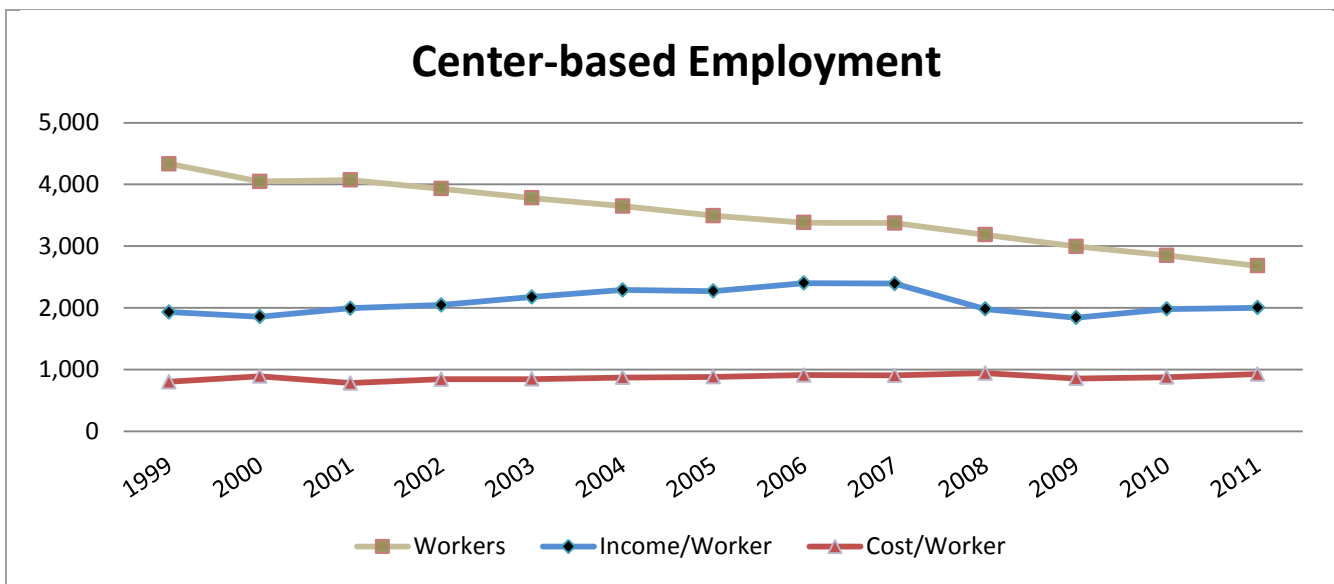


Cost-Benefit Comparisons

These charts use the annual summary data on the next page to compare costs and benefits of services in community-based and center-based work settings. **Income/Worker** (the primary benefit of the program) is the result of dividing wages earned by the number of workers. **Cost/Worker** is the result of dividing the sum of the EE contracts by the number of workers.



The average annual income to workers in community-based settings is significantly greater than in center-based employment, and the costs per worker are relatively steady compared to the income earned. The income of workers in the community also appear unaffected by the recession, as compared to the incomes of workers in center-based employment from 2008 to 2011. There may also be a more reliable return on public dollars during recessionary times (see next page).



*Includes supported employment and community employment models

Annual Summary Data & Return on Investment by Employment Model

Community-based Employment Models (SE, CE)							
Year	Workers	Hours	Wages	EE Grants	Cost Per Worker	Income per Worker	ROI
1999	5,386	2,801,356	14,517,493	6,270,927	1,164	2,695	232%
2000	5,266	3,030,952	16,391,964	7,114,258	1,351	3,113	230%
2001	5,530	3,020,158	17,285,293	7,545,870	1,365	3,126	229%
2002	5,526	2,907,272	17,401,373	8,190,435	1,482	3,149	212%
2003	5,296	2,874,456	18,142,762	8,150,869	1,539	3,426	223%
2004	5,136	2,792,314	18,051,337	8,035,758	1,565	3,515	225%
2005	5,150	2,794,439	18,380,142	8,052,184	1,564	3,569	228%
2006	5,163	2,807,047	19,480,028	8,776,086	1,700	3,773	222%
2007	5,115	2,775,473	20,004,342	8,805,607	1,722	3,911	227%
2008	5,234	2,751,908	20,531,067	8,904,392	1,701	3,923	231%
2009	5,221	2,650,301	20,583,788	9,284,302	1,778	3,942	222%
2010	4,918	2,498,479	19,855,364	9,267,058	1,884	4,037	214%
2011	4,768	2,547,490	20,419,940	9,246,748	1,939	4,283	221%

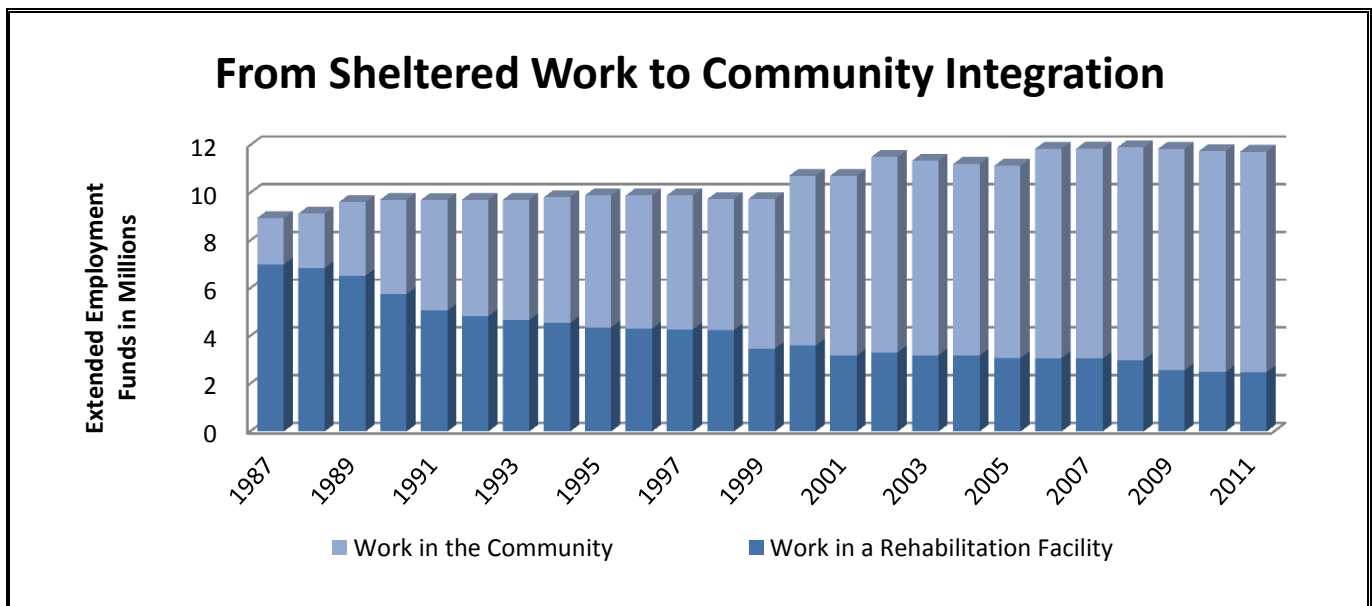
Center-based Employment (CBE)							
Year	Workers	Hours	Wages	EE Grants	Cost Per Worker	Income per Worker	ROI
1999	4,333	2,887,752	8,376,993	3,478,073	803	1,933	241%
2000	4,048	2,620,969	7,515,486	3,609,742	892	1,857	208%
2001	4,070	2,586,071	8,114,897	3,178,130	781	1,994	255%
2002	3,931	2,479,436	8,047,414	3,318,870	844	2,047	242%
2003	3,780	2,449,593	8,228,555	3,201,752	847	2,177	257%
2004	3,649	2,424,601	8,357,480	3,177,965	871	2,290	263%
2005	3,492	2,260,823	7,930,676	3,084,666	883	2,271	257%
2006	3,381	2,188,583	8,116,809	3,077,853	910	2,401	264%
2007	3,373	2,067,650	8,071,854	3,051,854	905	2,393	264%
2008	3,184	1,829,185	6,313,308	2,998,984	942	1,983	211%
2009	2,995	1,640,024	5,513,920	2,568,121	857	1,841	215%
2010	2,849	1,613,908	5,643,111	2,495,363	876	1,981	226%
2011	2,681	1,448,645	5,366,474	2,483,462	926	2,002	216%

Systems Change

The department supports system change efforts to maximize employment in the most integrated settings while respecting the informed choice of persons served in center-based programs.

Analysis of reported data (page 14) suggests the [strongest predictor of wages is the work setting](#) – the highest wages correlate to work in supported employment and reflect the strongest cohesion with the program purpose: *to promote individuals' self-sufficiency and financial independence*. For a comparison of [supported employment utilization by service provider](#), see page 24.

In 2011, approximately seventy-nine percent (78.8%) of the grant funds were allocated to support workers in community-based jobs. Although the total grant funds have grown by less than \$2.8 million over the last 24 years, the share allocated to support workers in community settings has increased by nearly \$7.3 million.



The primary cause of the system change is twofold: (a) voluntary decisions by providers to shift allocated funds out of services for persons in facility-based work in order to expand their capacity in community-based supports, and (b) the department's long-term policy for moving all available unearned center-based employment funds into the Community Support Fund to provide supports to persons in community-based job settings.

The table on the next page provides the history of funds allocated between the center-based and community support funds since 1987.

Fund Allocation History

Allocations to support work in center-based and community-based settings are displayed below with emphasis on the percent of the funds dedicated to work in community settings and the annual change in funds available to support work in the community.

SFY	Center-Based Fund	Community Support Fund	Total	Community Support Fund Analysis	
				Percent	Changed Dollars
1987	\$ 6,992,808	\$ 1,960,752	\$ 8,953,560	22%	
1988	6,845,630	2,281,978	9,127,608	25%	\$ 321,226
1989	6,529,933	3,093,822	9,623,755	32%	811,844
1990	5,751,573	3,965,427	9,717,000	41%	871,605
1991	5,064,643	4,646,935	9,711,578	48%	681,508
1992	4,836,649	4,880,351	9,717,000	50%	233,416
1993	4,673,245	5,043,755	9,717,000	52%	163,404
1994	4,542,343	5,274,657	9,817,000	54%	230,902
1995	4,359,076	5,532,924	9,892,000	56%	258,267
1996	4,315,644	5,576,780	9,892,424	56%	43,856
1997	4,279,397	5,613,667	9,893,064	57%	36,887
1998	4,254,315	5,494,685	9,749,000	56%	(118,982)
1999	3,478,073	6,270,927	9,749,000	64%	776,242
2000	3,609,742	7,114,258	10,724,000	66%	843,331
2001	3,178,130	7,545,870	10,724,000	70%	431,522
2002	3,318,870	8,190,435	11,509,305	71%	644,656
2003	3,201,752	8,150,869	11,352,621	72%	(39,566)
2004	3,177,965	8,035,758	11,213,723	72%	(115,111)
2005	3,084,666	8,052,184	11,136,850	72%	16,426
2006	3,077,853	8,776,086	11,853,939	74%	723,902
2007	3,051,854	8,805,607	11,857,461 ¹⁰	74%	29,521
2008	2,998,984	8,904,392	11,903,376	75%	98,785
2009	2,568,121	9,284,302	11,852,423	78%	379,909
2010	2,495,363	9,267,058	11,762,421	79%	(17,244)
2011	2,483,462	9,246,748	11,730,211 ¹¹	79%	(20,310)
Net Change	\$ (4,509,345)	\$ 7,285,996	\$ 2,776,651	n/a	n/a

¹⁰ 2007 contracted funds exceeded the \$11,854,000 appropriation by \$3,461 due to an error in the reallocation of unearned funds to the Dakota/Scott Transition pilot projects (MRCI, Lifetrack Resources). MRCI earned its contracted funds. Lifetrack fell short by \$31,904 and requested a hardship variance. The hardship variance was approved, less the initial error of \$3,461.

¹¹ 2011 contracted funds exceeded the \$11,551,000 appropriation by using 2009 funds under carry forward authority.

SFY11 Comparative Provider Outcomes

Work Hours Paid at Minimum Wage or Above

Community Support Fund

The appropriation for SFY12 included \$125,000 for distribution as a wage-level incentive bonus for hours paid from the Community Support Fund in SFY11 where wages earned are at or above the Federal minimum wage. In SFY11, sixty-eight percent (68%) of all CSF hours qualified. The table is ordered by providers with the largest share of qualifying hours, with Tasks Unlimited earning the largest share (14.5%), and Service Enterprises the smallest (.01%). Provider's qualified hours as a share of its own CSF hours are also displayed, with Hennepin County VSP providing 100% of its CSF workforce with wages at or above the Federal minimum, and Service Enterprises with the smallest share.

Providers – SFY12	SFY11 CSF Hours	Qualified CSF Hours (Workers Earned => Minimum Wage)			% Own SFY11 CSF Hours	% Total Qualified CSF Hours	Bonus Earned
		SE	CE	Total			
Tasks Unlimited	266,355	250,774	1,722	252,496	95%	14.5%	\$18,166
MRCI	317,761	184,458	29,986	214,444	67%	12.3%	15,429
Rise	223,852	138,219	35,018	173,236	77%	10.0%	12,464
Occupational Development Center	166,154	36,260	116,585	152,845	92%	8.8%	10,997
Opportunity Partners	133,339	126,711	0	126,711	95%	7.3%	9,116
Ability Building Center	174,180	68,542	21,516	90,058	52%	5.2%	6,479
Goodwill/Easter Seals	82,130	80,120	29	80,150	98%	4.6%	5,766
Productive Alternatives	137,432	65,513	7,751	73,264	53%	4.2%	5,271
Lifetrack Resources	64,715	63,904	0	63,904	99%	3.7%	4,598
Resource	55,770	55,471	0	55,471	99%	3.2%	3,991
Hennepin County VSP	44,672	44,499	0	44,499	100%	2.6%	3,202
Courage Center	43,023	42,728	0	42,728	99%	2.5%	3,074
Winona ORC Industries	93,265	34,642	6,566	41,208	44%	2.4%	2,965
GIVE	49,038	25,574	14,902	40,476	83%	2.3%	2,912
Opportunity Services	99,877	38,737	0	38,737	39%	2.2%	2,787
ProAct	73,393	31,173	4,899	36,072	49%	2.1%	2,595
West Central Industries	111,961	25,611	6,938	32,549	29%	1.9%	2,342
Jewish Family/Children's Services of Minneapolis	31,505	31,268	0	31,268	99%	1.8%	2,250
AccessAbility	35,422	17,954	11,312	29,266	83%	1.7%	2,106
Cedar Valley Services	108,509	4,039	21,860	25,899	24%	1.5%	1,863
KCQ	35,616	16,951	5,885	22,835	64%	1.3%	1,643
WACOSA	28,547	21,431	1,039	22,470	79%	1.3%	1,617
Functional Industries	95,072	18,099	1,794	19,894	21%	1.1%	1,431
Midwest Special Service	10,887	7,596	2,012	9,608	88%	0.6%	691
Hope Haven	22,919	7,448	264	7,712	34%	0.4%	555
The Rising Phoenix	8,066	3,943	232	4,175	52%	0.2%	300
Industries	10,140	882	2,347	3,229	32%	0.2%	232
Service Enterprises	23,892	412	1,783	2,195	9%	0.1%	158
Total (n=28)	2,547,492	1,442,960	294,438	1,737,398	68%	100.0%	\$125,000

Center-based Employment Fund

Although the Legislature did not appropriate separate funds for a wage incentive bonus for SFY11 hours reported to the Center-based Employment Fund, ten percent (10%) of the 1.4 million CBE hours qualified, i.e., workers earned wages at or above the Federal minimum wage.

The table ranks providers with CBEF allocations in order of their share of hours paid at or above the Federal minimum wage, with MRCI producing the largest share (28%), and WACOSA the smallest (.02%). Also displayed is each provider's share of qualified hours, as a percentage of its own CBE hours reported during the year, with AccessAbility providing the largest percent of its CBE workforce (57%) with wages at or above the Federal minimum, and Functional Industries with the smallest share.

Providers – SFY12	SFY11 CBE Hours	Qualified CBE Hours	% Own <i>SFY11 CBE Hours</i>	% Total <i>Qualified CBE Hours</i>
MRCI	384,362	41,964	11%	28.1%
Goodwill Industries Voc. Enter.	148,242	27,582	19%	18.5%
Ability Building Center	118,577	17,899	15%	12.0%
AccessAbility	29,955	17,067	57%	11.4%
Winona ORC Industries	63,587	16,373	26%	11.0%
Occupational Development Center	130,503	8,068	6%	5.4%
Cedar Valley Services	101,875	6,419	6%	4.3%
West Central Industries	66,621	4,617	7%	3.1%
Hope Haven	50,848	3,613	7%	2.4%
Midwest Special Services	15,887	1,884	12%	1.3%
Productive Alternatives	103,092	1,376	1%	0.9%
ProAct	87,146	963	1%	0.6%
Industries	22,173	648	3%	0.4%
Rise	53,806	500	1%	0.3%
Functional Industries	67,213	80	.1%	0.1%
WACOSA	4,761	25	.5%	0.02%
Total (n=16)	1,448,648	149,077	10%	100.0%

Utilization of Grant Funds for Supported Employment

Twenty-eight (28) providers reported 2,366 supported employees worked over 1.5 million hours and earned over \$14 million wages. The table is sorted by providers reporting the highest percentage of their contracted CSF in supported employment. See column, *% Contract Earned via SE Hours*, below.

Provider	Supported Employment Subprogram ¹²				Community Support Fund		
	Workers	Work Hours	Wages Paid	Average Wage	Contracted Allocation	Value of SE Hours ¹³	% Contract Earned via SE Hours ¹⁴
Goodwill/Easter Seals	111	82,101	813,241	9.91	196,001	310,342	158%
Tasks Unlimited	245	251,901	2,547,146	10.11	759,664	952,188	125%
Hennepin Co VSP	68	44,672	572,559	12.82	143,415	168,860	118%
Jewish F/C Services	62	31,432	374,974	11.93	111,104	118,814	107%
Resource	59	55,770	816,645	14.64	207,970	210,811	101%
WACOSA	23	22,499	190,308	8.46	89,138	85,046	95%
Courage Center	53	43,023	551,335	12.81	176,187	162,628	92%
Lifetrack Resources	76	64,715	749,894	11.59	265,673	244,623	92%
Midwest Special Svcs	21	7,846	71,220	9.08	34,112	29,658	87%
Opportunity Partners	176	131,843	1,291,342	9.79	640,291	498,365	78%
Rise	196	140,135	1,473,844	10.52	789,367	529,711	67%
Goodwill Ind. Voc. Ent.	75	26,388	212,308	8.05	160,328	99,748	62%
MRCI	383	184,458	1,535,766	8.33	1,208,081	697,253	58%
AccessAbility	30	18,452	195,848	10.61	123,558	69,747	56%
Ability Building Center	223	89,620	675,770	7.54	604,310	338,764	56%
Opportunity Services	76	43,190	383,440	8.88	314,190	163,258	52%
KCQ	29	17,724	146,080	8.24	132,695	66,995	50%
Productive Alternatives	104	69,710	635,882	9.12	564,239	263,504	47%
Winona ORC	48	36,821	324,788	8.82	365,816	139,182	38%
ProAct	39	32,192	337,821	10.49	343,805	121,687	35%
The Rising Phoenix	6	4,142	42,836	10.34	46,896	15,658	33%
Functional Industries	35	19,817	169,892	8.57	262,519	74,908	29%
West Central Industries	61	29,162	243,175	8.34	389,362	110,232	28%
Occupational Dev. Ctr.	115	40,623	315,758	7.77	551,083	153,556	28%
Hope Haven	30	7,840	62,913	8.02	113,926	29,635	26%
Industries	6	1,016	8,098	7.97	58,558	3,841	7%
Service Enterprises	3	1,158	8,036	6.94	105,309	4,376	4%
Cedar Valley Services	13	5,127	35,843	6.99	489,151	19,380	4%
Total (n=28)	2,366	1,503,378	14,786,762	\$ 9.84	9,246,748	5,682,771	60%

¹² Provider reported data through Aug. 5, 2011; unaudited.

¹³ Value of SE Hours = SE Work Hours multiplied by the statewide SE uniform rate of \$3.78

¹⁴ When column exceeds 100%, provider reported more hours than contract funded.

Outcomes of Persons Served – Supported Employment

The most significant outcomes are assumed to be the greatest income to persons served. Therefore, the table is sorted by the workers' *Average Annual Income*, unaudited, as reported by the twenty-eight (28) service providers supporting workers in this subprogram. Resource, Courage Center and Tasks continue to support persons earning the greatest average annual incomes from competitive jobs with supports.

Providers (n = 28)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hours Per Week	Hourly Wage	Annual Income	
Resource	X		59	18.2	\$ 14.64	\$ 13,841	7,859
Courage Center	X		53	15.6	12.81	10,403	4,420
Tasks Unlimited	X		245	19.8	10.11	10,397	4,414
Lifetrack Resources	X		76	16.4	11.59	9,867	3,885
ProAct	X	X	39	15.9	10.49	8,662	2,680
Hennepin County VSP	X		68	12.6	12.82	8,420	2,438
WACOSA		X	23	18.8	8.46	8,274	2,292
Rise	X	X	196	13.7	10.52	7,520	1,537
Opportunity Partners	X		176	14.4	9.79	7,337	1,355
Goodwill/Easter Seals	X		111	14.2	9.91	7,326	1,344
Rising Phoenix		X	6	13.3	10.34	7,139	1,157
Winona ORC		X	48	14.8	8.82	6,766	784
AccessAbility	X		30	11.8	10.61	6,528	546
Productive Alternatives		X	104	12.9	9.12	6,114	132
Jewish Family/Child Services	X		62	9.7	11.93	6,048	65
Opportunity Services	X	X	76	10.9	8.88	5,045	(937)
KCQ		X	29	11.8	8.24	5,037	(945)
Functional Industries		X	35	10.9	8.57	4,854	(1,128)
MRCI	X	X	383	9.3	8.33	4,010	(1,973)
West Central Industries		X	61	9.2	8.34	3,986	(1,996)
Midwest Special Service	X		21	7.2	9.08	3,391	(2,591)
Ability Building Center		X	223	7.7	7.54	3,030	(2,952)
Goodwill Ind. Voc. Enterprises.		X	75	6.8	8.05	2,831	(3,152)
Cedar Valley Services		X	13	7.6	6.99	2,757	(3,225)
Occupational Development Ctr.		X	115	6.8	7.77	2,746	(3,237)
Service Enterprises		X	3	7.4	6.94	2,679	(3,304)
Industries		X	6	3.3	7.97	1,350	(4,633)
Hope Haven		X	30	2.9	7.62	1,149	(4,833)
Supported employment... customary wages, integrated jobs, ongoing supports			2,366	12.2	\$ 9.84	\$ 5,982	N/A

Outcomes of Persons Served – Community Employment

The most significant outcomes are assumed to be the greatest income to persons served. Therefore, the table is sorted by the workers' *Average Annual Income*, unaudited, as reported by the twenty-four (24) service providers supporting and/or employing workers in community employment.

Rise, KCQ and Service Enterprises retained the first three places again in SFY11, paying and/or supporting workers with the greatest average annual incomes.

Providers (n = 24)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hours Per Week	Hourly Wage	Annual Income	
Rise	X	X	94	17.1	\$ 6.51	\$ 5,799	\$ 3,882
KCQ		X	19	18.1	5.68	5,348	3,431
Service Enterprises		X	27	16.2	4.46	3,755	1,837
Opportunity Partners	X		2	14.4	4.81	3,600	1,683
AccessAbility	X		43	7.6	8.46	3,340	1,423
Occupational Development Center		X	280	8.6	7.31	3,275	1,358
Cedar Valley Services		X	187	10.6	5.67	3,136	1,219
Goodwill Industries Vocational Enterprises		X	60	7.3	8.12	3,066	1,148
West Central Industries		X	155	10.3	5.18	2,765	848
Productive Alternatives		X	146	8.9	4.74	2,197	280
Functional Industries		X	112	12.9	3.05	2,052	135
Ability Building Center		X	239	6.8	5.57	1,969	52
ProAct	X		107	7.4	4.73	1,820	(98)
MRCI	X	X	421	6.1	5.64	1,787	(130)
Winona ORC		X	149	7.3	4.26	1,613	(305)
WACOSA		X	25	4.7	5.91	1,429	(488)
Industries		X	43	4.1	6.34	1,345	(572)
Opportunity Services	X	X	86	12.7	2.03	1,338	(579)
Hope Haven		X	70	4.1	5.38	1,159	(759)
Midwest Special Service	X		22	2.7	7.01	969	(949)
Tasks Unlimited	X		85	3.3	5.63	958	(959)
The Rising Phoenix		X	30	2.5	4.16	544	(1,373)
Goodwill/Easter Seals	X		1	0.6	11.69	342	(1,575)
Jewish Family/Children's Services of Minneapolis	X		5	0.3	5.55	80	(1,837)
Community employment... work in the community may not be integrated and/or may be paid less than the customary wage			2,408	8.3	\$ 5.40	\$ 1,917	N/A

Outcomes of Persons Served – Center-based Employment

The most significant outcomes are assumed to be the greatest income to persons served. Therefore, the table is sorted by the workers' *Average Annual Income*, unaudited, as reported by the sixteen (16) service providers employing and supporting workers in this subprogram.

Goodwill Industries Vocational Enterprises retained its first place again in SFY11, paying workers more than twice the annual income of its closest competitor, AccessAbility. The newest provider to the EE system, Hope Haven, moved from the second-to-last place on this measure in SFY10 to sixth place in SFY11.

Providers (n = 16)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hours Per Week	Hourly Wage	Annual Income	
Goodwill Industries Vocational Enterprises		X	149	19.1	6.13	6,097	4,166.30
AccessAbility	X		74	7.8	6.66	2,696	765.40
MRCI		X	512	14.4	3.29	2,469	539.07
Productive Alternatives		X	131	15.1	2.58	2,027	96.61
Rise	X		100	10.3	3.66	1,967	36.70
Hope Haven		X	76	12.9	2.73	1,829	(100.93)
Occupational Development Center		X	235	10.7	3.28	1,823	(107.54)
Midwest Special Service	X		36	8.5	3.88	1,713	(217.39)
ProAct	X		164	10.2	2.95	1,565	(364.91)
West Central Industries		X	164	7.8	3.85	1,565	(365.50)
Ability Building Center		X	340	6.7	4.27	1,490	(440.80)
Cedar Valley Services		X	265	7.4	3.74	1,436	(494.30)
Industries		X	54	7.9	3.16	1,298	(631.95)
Winona ORC		X	226	5.4	4.32	1,216	(714.14)
Functional Industries		X	137	9.4	2.15	1,056	(873.96)
WACOSA		X	20	4.6	2.68	638	(1,292.64)
Center-based employment... paid work on the premises of an EE provider with the most intensive supports.			2,683	10.4	\$ 3.70	\$ 1,930	N/A

SFY11 Compliance Examination Results

Provider Management Assertions

State fiscal year 2011, providers assert compliance with the Extended Employment Program criterion or noted those not applicable to the organization:

Criterion 1: Workers have worked the hours reported and earned the wages reported by the provider for the reimbursement paid by the DEED as shown on the DEED Listing of Reported Participants and Relevant Data.

Criterion 2: Reported workers have been paid appropriate hourly rates.

Criterion 3: Workers perform jobs in integrated settings.

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

West Central Industries (Note: The applicability of this assertion was incorrectly stated by the provider's management as the organization contracts with DEED for Community Support Funds, and invoiced the DEED for hours of work in Supported Employment.)

Criterion 4: When the provider is the payroll agent, workers in center-based, community, and supported employment subprograms (a) receive fundamental personnel benefits proportionate to the full-time exempt staff, and (b) no EE worker earns less than the minimum annual accruals of 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays, or 10 days paid flexible leave and 5 paid holidays. Workers in affirmative business enterprise employment are subject to the same benefit package as all other nondisabled employees of the provider.

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

Courage Center, Goodwill/Easter Seals, Hennepin County Vocational Service Program, Kaposia (subcontractor), Lifetrack Resources, Opportunity Partners, Resource.

Criterion 5: Workers participating in Extended Employment and Medical Assistance (MA) funded programs, such as Day Training and Habilitation (DTH) programs; Home and Community-Based Services for Persons with Developmental Disabilities (DD); Community Alternatives for Disabled Individuals (CADI); Traumatic Brain Injury (TBI) Waivers; Adult Rehabilitative Mental Health Services (ARMHS), are receiving separate services and no duplicate funding is received by [provider].

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

AccessAbility, Courage Center, Goodwill Industries Vocational Enterprises, Hennepin County Vocational Service Program, KCQ, Lifetrack Resources, ProAct,

Resource, Service Enterprises, The Rising Phoenix.

- Criterion 6: Workers are persons with a most severe disability, who have 3 or more functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.
- Criterion 7: Workers have a current Extended Employment Support Plan developed with the informed consent of the worker.
- Criterion 8: The worker's Extended Employment Support Plan identifies the ongoing employment support services necessary for the worker to maintain and advance in employment.
- Criterion 9: The ongoing employment support services provided to the worker are consistent with the services identified in the Extended Employment Support Plan.
- Criterion 10: Workers receive a minimum of two in-person contacts per month in the delivery of ongoing employment support services.
- Criterion 11: The provider earned its Center-based Employment Fund allocation based on reported hours during the current state fiscal year.

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

Courage Center, Goodwill/Easter Seals, Hennepin County Vocational Service Program, Jewish Family and Children's Services of Minneapolis, KCQ, Kaposia (subcontractor), Lifetrack Resources, Opportunity Partners, Opportunity Services, Resource, Service Enterprises, Tasks Unlimited Janitorial Services, The Rising Phoenix

- Criterion 12: The provider earned its Community Support Fund allocation based on reported hours in the current state fiscal year.

Independent Accountant's Report

The sample opinion below is the preferred report sample for reports with nonmaterial findings. Auditors are directed to AICPA Professional Standards, Attestation Standards, Compliance Attestation, Examination Engagement for detailed guidance and other reporting variations including reports without findings and material findings:

We have examined management's assertions included in the accompanying report that (name of entity) complied with the Minnesota Department of Employment and Economic Development 12 Extended Employment Compliance Examination Standards Criterion (dated) except for the noncompliance described in the third paragraph for the year ended June 30, 2011. Management is responsible for (name of entity)'s compliance with those requirements. Our responsibility is to express an opinion on (name of entity)'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about (name of entity)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on (name of entity)'s compliance with specified requirements.

Our examination disclosed the following noncompliance with the requirements referred to above, applicable to (name of entity) during the year ended June 30, 2011, which are described in the accompanying (list names of schedules).

In our opinion, management's assertions referred to above is fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2011.

This report is intended solely for the information and use of (list specified parties) Minnesota Department of Employment and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

[Signature]

[Date]

Efficiency Measures

Timely Submission of Audit Report. Most audit reports were received by the October 31, 2011 deadline. The only exception was the Jewish Family and Children's Services of Minneapolis report, received November 2, 2011.

Timely Department's Review. Audit reports were reviewed on average within 15 days of receipt. All reports were reviewed within 32 days.

Timely Feedback. The results of the review are communicated in a letter that is generally prepared within one day of the review, with the following exceptions: none.

Completeness of Audit Report. Reports are usually complete and accurate. The following exceptions required additional days to receive, correct and accept: Cedar Valley Services – 79 days; Goodwill/Easter Seals – 39 days; Occupational Development Center – 28 days; Service Enterprise – 37 days.

Timely Second-level Reviews. This measure is not applicable as all issues were resolved at the first level of review.

Timely Resolution of Appeals. Jewish Family and Children's Services of Minneapolis filed an appeal, December 5, 2011. A settlement was reached which will require the organization to issue payments to reported EE workers in lieu of fundamental personnel benefits that should have been earned during the contract period. The payment to EE workers is schedule to be completed by June 30, 2012.

Effectiveness Measures

Significant Compliance with EE Program Criteria. The following eighteen (18) of twenty-nine (29) audit reports contained unqualified opinions with no questioned hours. The remaining reports were qualified by 12,101 questioned hours, or less than three-tenth of one percent (.27%) of the total 3,996,137 hours reported during the state fiscal year. Lastly, of the 12,101 questioned hours, 89% (10,813 hours) originate with a single provider, Jewish Family/Children's Services of Minneapolis. Therefore, if the audit standards reflect the most relevant and desirable criteria from the EE Rules, and the testing procedures are effective tools for determining compliance, then it is reasonable to conclude: *Minnesota's network of EE providers operate programs in significant accordance with the Extended Employment Program Rules*, Chapter 3300.2005 -3300.2055.

Ability Building Center	Industries	Resource
Courage Center	KCQ	Rise
Functional Industries	Hope Haven	Service Enterprises
Goodwill/Easter Seals	MRCI	Tasks Unlimited Janitorial Services
Goodwill Industries Vocational Enterprises	Opportunity Partners	WACOSA
Hennepin County Vocational Service Program	ProAct	Kaposia (subcontractor)

Salient Corrective Action. In most cases audits were accepted as submitted, with the exceptions noted below. The effectiveness of this measure is determined by the need for a second-level review. Since all issues were resolved without additional review, the corrective action applied is considered appropriate.

Provider	Corrective Action
<i>Independent Accountant's Report</i>	
Ability Building Center Cedar Valley Services	Report should have been qualified , as variances were reported. Feedback to auditor.
<i>Management's Assertion Letter</i>	
Service Enterprises	Criterion 4-5 were changed without DEED approval. One-time exception granted.
<i>Schedule of Questioned Hours & Wages</i>	
(none)	The required schedule omitted. A new schedule was submitted.
Goodwill/Easter Seals	Sample size was not reported , and was obtained.
Jewish Family/Children's Services of Mpls. Occupational Development Center	The schedule failed to report variances at the individual level or omitted identifying elements necessary to correct DEED's database records. New schedules and/or required elements were provided.
(none)	The method of projecting error rates was incorrectly applied, and was changed to either deduct the actual variances, or project error rates at or above the 10% threshold, as applicable.
<i>CS/CBE Fund Reconciliation</i>	
Goodwill/Easter Seals Service Enterprises	The reconciliation schedule was omitted , and a new schedule was submitted.
Functional Industries Lifetrack Resources	The contracted allocation was in error , and was changed to equal the final contract amendment.
Lifetrack Resources Opportunity Partners	The amount of reimbursement was in error , and was changed to reflect DEED's accounting records.
Goodwill Industries Vocational Enterprises	Total hours reported did not equal hours reported to PRS , and was changed to the sum of the hours submitted to DEED by the provider during the year.
Lifetrack Resources Occupational Development Center Opportunity Services	Variances were not equal to those reported on the <i>Schedule of Questioned Hours and Wages</i> , and were changed to be the equal.

Reported Hours, Auditors' Samples and Error Rates

Twenty-nine (29) providers reported nearly 4 million hours of work performed by program participants in Extended Employment subprograms during the year. Auditors sampled 209,819 hours that resulted in a statewide average error rate of -.3%. The table is sorted by relative size of auditors' samples.

Provider	Work Hours Reported	Sampled Hours	Corrected Hours	Error Rate
WACOSA	33,308	100.00%	0	0.00%
Midwest Special Services	26,774	51.02%	3.77	0.01%
The Rising Phoenix	8,066	42.25%	104.07	1.29%
Lifetrack Resources.	64,715	36.43%	-96.25	-0.15%
Hennepin County Voc. Svcs. Prgm	44,672	35.39%	0	0.00%
Courage Center	43,023	30.66%	0	0.00%
Service Enterprises	23,892	27.03%	0	0.00%
Resource	55,770	22.50%	0	0.00%
KCQ	35,616	10.31%	0	0.00%
Winona ORC	156,852	9.60%	15	0.01%
Goodwill Industries Voc. Enterprises	197,280	9.01%	0	0.00%
Jewish Children/Family Svc of Mpls.	31,505	6.16%	-10,813.25	-34.32%
Industries	32,313	4.17%	0	0.00%
Rise	277,657	3.66%	0	0.00%
AccessAbility	65,377	3.57%	20.5	0.03%
Opportunity Partners	102,680	3.51%	0	0.00%
West Central Industries	178,582	3.12%	0	0.00%
Opportunity Services	99,877	2.62%	70.44	0.07%
Functional Industries	162,285	1.71%	0	0.00%
ProAct	160,538	1.62%	0	0.00%
Goodwill-Easter Seals	82,130	1.32%	0	0.00%
Tasks Unlimited	266,355	1.26%	0	0.00%
Occupational Development Center	296,656	1.22%	-39.75	-0.01%
Cedar Valley Services	210,384	1.14%	0	0.00%
Kaposia	30,659	1.04%	-1,395.65	4.55%
Productive Alternatives	240,524	0.89%	1	0.00%
Ability Building Center	292,757	0.77%	28.62	0.01%
MRCI	702,123	0.46%	0	0.00%
Hope Haven	73,767	0.00%	6	0.01%
Total (n=29)	3,996,137	N/A	-12,096	-.3%

Reported Hours, Auditors' Samples and Error Rates – Supported Employment

Supported Employment

Most errors were reported at insignificant levels.

Jewish Family/Children's Services of Minneapolis

reported significant disallowances resulting from noncompliance with criterion 4, fundamental personnel benefits, as benefit accruals of supported employees on JFCSM payroll were not found to be proportionate to their full-time, nonexempt staff.

New/Expanded SE Programs

Hope Haven was the only provider with a new or expanded program in 2011.

“New or expanded programs under this part may be exempt from the contracting procedures in part 3300.2035, subpart 4, item A, and the adjustment of state grant funds in part 3300.2035, subpart 8, for up to three years,” Minnesota Rules 3300.2030.

Provider	Reported Hours ¹⁵	Variances	Error Rate ¹⁶
Ability Building Center	89,620	0	
AccessAbility	18,452	0	
Cedar Valley Services	5,127	0	
Courage Center	43,023	0	
Functional Industries	19,817	0	
Goodwill-Easter Seals	82,101	0	
Goodwill Ind. Voc. Enter.	26,388	0	
Hennepin Co VSP	44,672	0	
Hope Haven	7,840	0	
Industries	1,016	0	
Jewish C/F Svcs of Mpls.	31,432	-10,813	34.4%
KCQ	17,724	0	
Lifetrack Resources	64,715	-96	
Midwest Special Svcs	7,846	2	0%
MRCI	184,458	0	
Occupational Dev. Ctr	40,623	0	
Opportunity Partners	101,183	0	
Opportunity Services	43,190	70	
ProAct	32,192	0	
Productive Alternatives	69,710	0	
Resource	55,770	0	
Rise	140,135	0	
Service Enterprises	1,158	0	
Tasks Unlimited	251,901	0	
The Rising Phoenix	4,142	76	3.2%
WACOSA	22,499	0	
West Central Industries	29,162	-55	.1%
Winona ORC	36,821	-9	0%
Kaposia ¹⁷	30,659	-1,396	-4.6%
Total (n = 29)	1,503,376	-12,221	-.8%

¹⁵ Hours reported in the independent audit reports.

¹⁶ Significant error rates are equal to or greater than 10% and are projected to the population of reported program hours.

¹⁷ Kaposia was approved to provide supported employment as a subcontractor to Opportunity Partners in 2011.

Reported Hours, Auditors' Samples and Error Rates – Community Employment

Community Employment

Errors were reported at insignificant levels.

New/Expanded CE Programs

Hope Haven, Inc. was the only provider to receive funding for a new or expanded program in 2011.

“New or expanded programs under this part may be exempt from the contracting procedures in part 3300.2035, subpart 4, item A, and the adjustment of state grant funds in part 3300.2035, subpart 8, for up to three years,” Minnesota Rules 3300.2030,

Provider	Reported Hours ¹⁸	Variances	Error Rate
Ability Building Center	84,560	-122	-0%
AccessAbility	16,970	2	.1%
Cedar Valley Services	103,382	-5	.01%
Functional Industries	75,255	0	
Goodwill/Easter Seals	29	0	
Goodwill Industries Voc. Ent.	22,650	0	
Hope Haven	15,079	1	0%
Industries	9,123	0	
Jewish Vocational Svc	72	0	
KCQ	17,892	0	
Midwest Special Services	3,041	2	.1%
MRCI	133,303	0	
Occupational Development Ctr	125,530	0	
Opportunity Partners	1,496	0	
Opportunity Services	56,687	0	
ProAct	41,200	0	
Productive Alternatives	67,722	0	
Rise	83,716	0	
Service Enterprises	22,734	0	
Tasks Unlimited	14,453	0	
The Rising Phoenix	3,923	28	2.7%
WACOSA	6,048	0	
West Central Industries	82,799	0	
Winona ORC Industries	56,445	13	0%
Total (n = 24)	1,044,112	- 81	-.01%

¹⁸ Hours reported in independent audit reports.

Reported Hours, Auditors' Samples and Error Rates – Center-based Employment

**Center-based
Employment**

Errors were reported at insignificant levels.

**New/Expanded CBE
Programs**

Hope Haven, Inc. was the only provider to receive funding for a new or expanded program in 2011.

“New or expanded programs under this part may be exempt from the contracting procedures in part 3300.2035, subpart 4, item A, and the adjustment of state grant funds in part 3300.2035, subpart 8, for up to three years,” Minnesota Rules 3300.2030.

Provider	Reported Hours ¹⁹	Variances	Error Rate
Ability Building Center	118,577	151	.1%
AccessAbility	29,955	19	2%
Cedar Valley Services	101,875	5	.01%
Functional Industries	67,213	0	
Goodwill Industries Vocational Enterprises	148,242	0	
Hope Haven	50,848	0	
Industries	22,173	0	
Midwest Special Services	15,887	0	
MRCI	384,362	0	
Occupational Development Center	130,503	-40	.0%
ProAct	87,146	0	
Productive Alternatives	103,092	0	
Rise	53,806	0	
WACOSA	4,761	0	
West Central Industries	66,621	55	.1%
Winona ORC	63,587	11	0%
Total (n = 16)	1,448,648	201	.01%

¹⁹ Hours reported in independent audit reports.